

Health and Human Services Agency California Office of HIPAA Implementation

POLICY MEMORANDUM

TO: Department HIPAA Coordinators
Department Budget Officers

FROM: CALIFORNIA OFFICE OF HIPAA IMPLEMENTATION (CalOHI)

Title: POTENTIAL IMPACT OF 2003-04 HIPAA BUDGET REDUCTION	Number: PM 2002-05
Subject: Applicability of HIPAA to Budget Letter 02-21	Issue Date: September 5, 2002
Reference(s): DEPARTMENT OF FINANCE BUDGET LETTER 02-21	Expiration Date: September 30, 2002

I. PURPOSE

The Department of Finance (DOF) Budget Letter 02-21 of August 7, 2002 requires each Department to propose spending reductions from its FY2003-04 base budget. Originally, CalOHI believed that HIPAA might be considered a federally mandated expenditure, however, DOF notified CalOHI that the HIPAA program should also participate in listing a 20 percent budget reduction pursuant to BL 02-21.

CalOHI will be coordinating the collection of this data from departments for this effort. Departments should identify what HIPAA activities would be eliminated by a reduction in their base budgets for HIPAA in fiscal year 2003-04. Departments should be as specific as possible regarding the possible impacts of having a HIPAA budget for 2003-04 that is 20 percent lower than the 2002-03 levels.

In some cases, departments may have already included HIPAA program reductions as part of the list of proposed cuts required by BL 02-21. In that event, in addition to the data requested above, please submit the amount of HIPAA cuts that were forwarded to Agency and the impact of those cuts to CalOHI.

CalOHI realizes that reductions in HIPAA resources may slow the pace of implementation. CalOHI will continue to work with DOF on the continued need for resources to meet HIPAA requirements. Also, CalOHI will also work with DOF to ensure that in the event HIPAA proposed reductions are accepted they are not in addition to the level of reductions submitted in response to BL 02-21.

II. FY 2003-04 Base Calculations

The following table reflects the proposed Department HIPAA budget levels for the 2002-03 FY. For purposes of this budget list, Department should use the following figures:

PROJECTED FISCAL YEAR 2002-03 HIPAA ALLOCATIONS

Departments	PYs	General fund (000's)	Special Fund (000's)	Total Funds (000's)
DHS	15 permanent	12,581	53,541	66,122
DMH	9	1,211	1,211	2,422
DDS	6 permanent	1,708	1,707	3,415
OSHPD	1 LT		99	99
ADP	5 LT	961	961	1,922
Aging	-	130	70	200
Social Services	4 LT	205	295	500
Veteran Affairs	-	134	0	134
Corrections	6 LT	610	0	610
Youth Authority	5 LT	497	0	497
CalPERS	3 permanent	0	223	233
DPA	-	0	225	225

BL 02-21 allows departments the discretion for proposing how and in what areas budgets can be reduced. Proposed reductions can be from either funds for state support and personal services (positions) or contract funds or a combination of the two. Departments should determine how best to achieve minimal impacts with the proposed reductions. Departments should e-mail the completed list of HIPAA reductions and impacts to akam@ohi.ca.gov by **September 11, 2002**. If you have any questions, please contact Alex Kam at 651-6909.

BURT R. COHEN
Acting Director
California Office of HIPAA Implementation

cc: Steve Kessler, DOF
Peter Harbage, Assistant Secretary